

**DEPARTMENT OF TRANSPORTATION
MARITIME ADMINISTRATION**

**Pre-Proposal Conference for Ship Managers
Morning Session**

July 8, 2004

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[START TAPE 1 SIDE A]

[off-mic comments]

J. BARILLE: Good morning. Our first speaker will be Jim Caponiti, the Associate Administrator for National Security.

J. CAPONITI: Hello. Good morning everybody. I know most of you or some of you. I think most of you is probably the right way to term this. I'm just going to just kick this off. I don't really have a lot of technical things to say. That's what these folks at the table are here for. I just wanted to welcome you here. We appreciate the interest in the program. We appreciate the support we've gotten over the years. This is a, probably one of the best examples of a government / industry partnership. This program, it has been very, very successful.

Prior to this five year contract which is closing, this program has really

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gotten off the ground. Much of it through

the work that we've done with the ship managers and the labor unions. I think partnership, I mean it's an overused term... I believe it's a very overused term in government. We all like to say it. It's a buzzword. But I think, with this program, it really does get down to the partnership. I think it's a very unique one and a very good one - one that works well. We want to make sure that we continue that. We're going to be kicking off this large acquisition initiative that we have... going to renew the contracts. I guess about nine months from now we'll be kicking this thing, we'll be awarding these contracts. Right now we have nine ship managers. We wish we could tell you the number of ships that we will have to support under the program. We've had some things happening due to funding. It's ironic, we are getting some funding restrictions and an impact on the number

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of ships we have in the program, even

though we have just gone through,

probably, the most successful sea-lift we

have ever known, with OIF - OIF One and

Two. We had 40 of our ships involved in

OIF One last year. We activated 36 of

them. We had our four pre-po [phonetic]

ships in the operation, so that was 40

ships in the year 2003. This year, with

the redeployment, we had 21 ships

involved, many of them on more than one

voyage. And we expect to go through this

again with OIF 3... 3, 4, and 5, I think

they're talking about. I mean, this is

going to go on for a while where we're

going to be redeploying troops. And so

the program, while we are very proud of

it, and it is nothing less than a success,

we're going through some downsizing of the

program. And so, the competition that

we're going to see in this acquisition

scenario is going to really be fierce. We

think we're going to have more players

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than we did last time and it was fierce

last time. I mean, that's good for the government. It's not so good for the people competing because we wish there were more ships that we could have to go around and we just don't have them. And we're even uncertain of that as I'm saying.

Anyway, we appreciate the support that you've given us over the years. We know we can't do it without you. We're going to try to make this as smooth an acquisition as we can. Something called performance based contracting is what we're going to learn about today. I think probably know less about it than most of you. I'm going to try to stay around and listen to some of this so I can learn some things. But most of all, I just wanted to welcome you all here and express our appreciation for all the support that you've shown us over the years. Thank you.

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[applause]

W. TROST: Good morning. My name is Bill Trost. I'm the Director of the Office of Ship Operations at MARAD. I'm going to echo Jim's remarks in welcoming you here.

From my perspective, it's hard for me to believe that we're already re-competing these contracts. It just seemed like it wasn't more than 18 months ago, 24 months ago, we were making the awards and the group assignments. But it rolls around. I know, from the perspective of some offerers, it may not be ship managers now, or ship managers that want additional ships, that it couldn't have come soon enough. But whether it's suddenly or finally upon us, here we are in our solicitation phase for the next go around.

Time flies by when you're busy and, clearly, we have been busy. The RRF [phonetic] is a busy program, as Jim mentioned, with the operations in Enduring

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Freedom, Iraqi Freedom One and Two, we've

been busy. We've been busy here at MARAD

Headquarters and the regions. The ship

managers have been busy, the port

engineers, the ROS crews, the FOS

[phonetic] crews. So it's a busy program,

and I think everybody agrees busy is

better. When I joined the program 17

years ago, we weren't so busy. In fact,

we had what I would refer to as kind of a

Rodney Dangerfield complex. We didn't get

any respect. But, again, why would we?

Essentially, we were a program that

suffered from what I'll call the "uns".

We were under-funded. We were under-

utilized. And, except for people in the

Maritime Administration and handful of

people at DoD, we were largely unknown.

But that is not the case anymore. You

know it as well as I do. We've been very

busy. We were very challenged in Desert

Shield, Desert Storm, and fortunately,

we've turned around the program with the

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help of the commercial industry, and the labor unions, and we now have a success story. That success essentially has earned us the reputation of being the most cost-effective organic sea lift that the government has. And it's through the partnership, and it is a term that is over-used, but it truly... This is a working partnership that has proved with results and we are determined to continue that partnership. The success that we've had in the program is not only recognized throughout the defense community, it is also recognized at DoT. And that is a departure from years past. Secretary Minetta has actually been aboard RRF ships. He knows what the RRF program is about. He and his senior staff people have been at morning briefs to follow the OIF sea lift effort. And I think that's very important. And it's important for us to collectively continue the success. And the award of this upcoming ship manager

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contract is a vital part to the continued success of the program. We are pursuing a best-value award. It's a competitive environment, no doubt. But we are seeking best value. And that has to be underscored because the RRF is a critical program, it has a critical mission, and failure is not an option. We have too much at stake.

This morning agenda will include briefing and presentation and in the afternoon we'll get into more specifics on our Section C work specifics and some Q's and A's. But what I'd like to do is wrap up before Tim Roark makes some remarks. And I want to take the opportunity to thank the MARAD team that came together and worked so hard to put out this solicitation. It is under the performance based service contract umbrella. And that collaboration and work was not only at headquarters but with the Office of Ship Operations, Air Procurement Office and our

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legal counsel. But it was, in this go

around especially, important that we involve the regions. And so I want to acknowledge to all the MARAD people in the audience from headquarters as well as the regions for the work and the effort they've put forward in putting this solicitation out. I assure you that they will be involved in the process as it continues. So, thank you to Nuns Jain and the South Atlantic Team, Hank Ryan and his colleagues in the Western Region, and the likes of Bruce Lofink [phonetic] and others in the Central Region. Thank you very much.

[applause]

T. ROARK: Good morning. Welcome to the Pre-Proposal Conference. I do have one administrative issue before we get going. This session is being recorded, so if you have any questions for us, if you would come forward to the microphone, or I understand the cord is large enough to

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pass the microphone around. And, of

course, we'll be publishing this conference along with everything you see on the slides will be on the virtual office of acquisition.

As you have noticed in reviewing the draft RFP, and we know you've reviewed it because we've seen all the many questions and answers. There are significant changes to the current contract. Not only has the proposed contract, proposed change as a result of the federal acquisition regulations, but also we've significantly changed our way of doing business. We appreciate all of the comments we've received and we felt strongly that this team effort has resulted in a better RFP in our proposal process. We will walk you through the change process as well as the selection process today. So take good notes. Ask a lot of questions. Because this is your opportunity to ask those questions and we

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will answer those that we can and publish those that we cannot. We look for a productive exchange prior to proposal submission. And we look forward to working with you all in the next couple of months.

Now we're going to have Miss Cooper come up and she's going to give the balance of the presentation until this afternoon. Thank you.

[applause]

I. COOPER: Good morning. As I was telling some of you, I just got back from Germany, so if I slip into a funny language in the middle of this, somebody raise their hand and stop me.

As Tim said, we've made a lot of changes. And we've gotten comments on it, along with, it's a much better RFP package. And I truly believe that. I think it's much more straightforward. Hopefully, very streamlined. My intent for today is to walk you through the VOA

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process. You have to understand that in order to participate in this proposal process. We will give you the differences and kind of contrast between what we currently have on the contract, what the major changes are that you should focus on, talk briefly about the schedule, explain the source selection. I don't want this to be... There is no mystery, and, you know, I'll walk you through the exact process and what I say we're going to do is exactly what we will be doing. So, you know, if you follow those and read the instructions, it's not that hard. And I would like to explain a little bit of the myth of best value, and what it really means, and how we treat it, and how the government looks at it. And then we'll give you a VOA demo. We'll bring our tech team in so you meet these people. They'll be your best friends in a few weeks. And, give you a few words of caution of things we've seen in the past. Like Tim said,

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we'll take questions and, you know, I'm pretty flexible. And some we may be able to answer on the spot. Others we may not.

Before we go to that, I'd like to introduce just the acquisition team you'll be dealing with: Miss Gaither [phonetic] could not join us today, she is the PCO on this program, and she is your primary focal point. If you have any questions, she is your go to person. Miss Nun [phonetic], who is operating the slides for me, is on Miss Gaither's team, as is Miss Gillam [phonetic] and Mr. Allen. And they'll be supporting he through that process.

Now, to the virtual office of acquisition. We implemented this in January of 2004. Most of you have been on it because I've seen the conference registrations. So I know you found your way there. It was really done to support the President's management agenda. Most of you should be familiar with PMA, which

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guides almost everything we do in

government these days. We also had an additional problem with delays of mail received in the Washington, DC area following the anthrax and ricin scares. And our mail still comes in baked and cooked and everything else. So I couldn't guarantee you that a proposal would get to us. Even if you carried it through the building, I don't know what security does with it. And it does really facilitate our exchange with our customers. We get a lot comments. We get a lot of Q and A's. We monitor that on a daily basis. And it allows us to put answers out there for everybody to see. And, hopefully, it will reduce the paperwork burden on you and I. However, I'm still one of these people, if I go on a screen I have to print it out so I can really review it. If that's what you choose to do, that's up to you. Hit the print button. We're not sending out paper right now.

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VOA really gives you all of the pertinent information on all of MARAD's programs or most of them right now. We're implementing it, you know, step by step. You can have access to the announcements and business opportunities. You've noticed ship scrapping is up there, ship manager, and some of our other programs we're currently working on. You have a program specific bidder's registration. And that's very important. Registering for VOA, in and of itself, is fine, but it doesn't allow you to submit a proposal. You have to get your name on the ship manager bidder mailing list. You have the program specific library documents, schedules, any requirements documents, and we'll link you to the FAR/TAR/TAM which are kind of our guidance as we work through this process. You have access to the Q and A's we have received to-date. If we receive additional, and if they don't warrant a specific amendment to the

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solicitation, we'll just put them out

there if they're general information type questions. If you post a comment, that does not require us to respond. We will consider it. You know, we look at all the comments that come in. Don't look for an answer. If you're looking for an answer, you've got to post a question, however.

This gives you the internet address. Most of you should have that. The presentation is already posted on the web site. We chose not to pass out paper copies. Under the account, register for VOA, and then under opportunities, select, you know, ship manager, or any other program you might be interested in. And make sure you complete the bidder's mailing list. You can have multiple registrations per company. That is fine and you may choose to do that. But, again, like I said, you have to have both registrations done.

There are a few things we've

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learned in the early implementation and

running one of the RFP's through this.

Don't wait until the last minute to input your solicitation. Don't sit there two hours before the deadline and try to put it all in. I don't care how good the Internet connection is. It will slow down and you'll run into problems. I would strongly recommend, start early. Make sure that your computer, whatever you are using to input it, meets the minimum system requirements, and I'll talk about those, so you can interact successfully with VOA. Read all information carefully, and, including the fine print. We have highlighted everything, put in red print what's important to you that you shouldn't miss. But it's no different than a paper RFP. Read it.

Don't hesitate to call our technical help desk. I'll introduce them this afternoon. They are very capable. They will work with you and get you

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through this process. We are looking to possibly schedule a few training sessions if we can make that. If you choose to do that, you know, to do that, that's great. And it's really just to get you used to this new process. And, don't hesitate to contact us at the Office of Acquisition if we can help you. That's what we're here for.

Minimum system requirements, things you need to have on your system to work, to interact with VOA. You've got to have Microsoft Internet Explorer, either 5.5 or higher. Adobe Acrobat Reader, version 5.0 or higher. Javascript must be enabled and the java applets must be enabled. Now if you want, don't ask me what this means, our tech people will be here later. And cookies must be enabled. Now, you can submit attachments. They must be in Microsoft Office 97 format. Some of you have more advanced programs. Sorry to say, this is the government.

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We're in Microsoft Office 97. But you can upload Word, Excel projects, Power Point, and Adobe PDF type documents without a problem. Okay?

Most important differences between the 2000 Ship Manager contracts and what you're seeing in this current RFP. Last time, we had all proposals submitted in hard copies to our Office of Acquisition. We are not accepting any hard copy submissions nor will we evaluate them. Because we want to get out of this paper mill. Last time we produced over a million pieces of paper. You produced a lot of paper. We're hoping not to do that again. So, you must submit through VOA. Nothing else is acceptable.

We had all submissions due at the same time if you recall last time - tech proposals, price proposals, all the mandatory requirement submissions. This is different this time. We have early submissions for some of the documents.

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The citizenship requirement documents, the

vessel owner operation information,

minimum working capital requirements, and

the past and present information data.

The reason for that is, those are long-

lead items for us to review. I mean, it

takes significant effort on our part. We

want to make sure we have sufficient time

to give those a good review. So, we'll go

over the schedule later but I think

they're due July 15th. Last time, also,

the maximum award an offer could receive

was 12 vessels. We have changed that.

The initial award limitation on this RFP,

response to this RFP, is 12 ships. That

does not include ship groups 6 and 11

because their future is somewhat nebulous

- probably not the right word. We don't

know right now what will happen with

those.

Now, additional vessels may be

awarded under the incentive option

provision during the performance of the

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contract. So, initial award limitation is

12. It could conceivably go higher during the performance of the contract.

We also had a five year fixed price contract with reimbursable line items. This is considerably different. You have a four year base contract with award term incentive options. Now, the incentive options take two forms. You can receive additional performance periods - up to two three-year options. And that is tied to successful performance as defined by the award term incentive option plan. That's Attachment J-12 on the web page. I suggest you read that very carefully. This will become very important during the performance of the contract. Or, you may receive additional vessels during the performance of the contract, for top performers. This has a lot of benefits, I believe, to both you and I. This process, this whole proposal process takes significant resources for all of us. We

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believe a long-term contract with top

performers is in everybody's best

interest.

Last time, also, our statement of work was extremely detailed. We stipulated exactly what you had to do every step of the way. The government has made a significant shift to performance based service acquisition, PBSA. That's been directed by the Office of Federal Procurement Policy and it's been implemented through the FAR process. We do not stipulate the outcome. You propose the methodology. We tell you what we're looking for, what you have to achieve. How you get there is what you're proposing to us. That is what we will evaluate.

A few examples: The 2000 Ship Manager contracts, and we've talked about that, we stipulated the exact crew composition along with the maintenance procedures that you had to use. We have now changed that under PBSA. We are

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stipulating four crew positions and you

determine the remaining crew positions

that best fit your program implementation

and the vessels you're bidding on. You're

the experts in the field. You should be

able to tell us. Our S crew [phonetic]

may never be less than ten per ROS ship.

And you propose the maintenance procedures

that are consistent with the vessel type

and the crew composition you're proposing.

So, it's really drawing on your expertise

to give us best value for this program.

The initial awards last time were
based on full and open competition. Seven

out of nine offerers on the last award
certified as a small business concern.

The 2004 RFP is also based on full and
open competition, however, we are

reserving no less than 15 percent of the
vessels awarded to small business. That

is part of the best value source selection
process. So, it's 15 percent of the

vessels.

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What we didn't change is the basis for selection and the best value tradeoff process. Hopefully, I'll be able to explain that and take some of the myth out of that process.

Before we get there, just briefly, the schedule, pre-proposal conference today, early document submission, those are your go / no-go factors and past performance information. That will be due on July 15th. The web page, the modular approach is designed so two weeks prior to the due date, the module will be available for you to start inputting the information, okay? What we'll show you this afternoon is you can start, you can save, you can come back to it, as long as you hit the final submit button before the due date.

Technical management and price proposals currently are due on August 16th. Discussions and negotiations we think will happen some time during this

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fall and we're looking to make final

awards in February of '05.

We have several teams that will assist us in evaluating the proposals. This is a massive effort, not just on your part. We have an electronic review team. That's a lesson learned we got out of doing electronic port security grants and other things.

[off-mic comments]

Basically, what that team does, they will make sure that what you've given us is complete. Now, they don't look at the content of what you put in. They ensure that there is information there and sufficient information to actually evaluate. Because you could type X's and boxes and it would still let you submit. I suggest you not do that, but, you know... That's what that team does. They do the first, what we call... They just go through and scrub it - make sure there is sufficient information for evaluation.

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We have the mandatory

requirements team: They're going to look at the mandatory requirements including citizenship, the operating qualifications, and the minimum working capital. We have, of course, a technical management evaluation team. Their job is to evaluate the technical management submissions and, specifically, those factors outlined, against the factors outlined in Section L of the RFP.

Past performance evaluation team:

We've added a separate team this time. They're going to look at the offerers recent and relevant past performance. Past performance evaluation really is kind of a two-prong approach. It's, is it relevant, and what does it really say? It's not just the content. You can be the most wonderful operator of some piece of machinery that has absolutely nothing to do with what we're looking for. So they're going to assess how relevant is the

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information, what's the value of it to our program. That ascertains, that evaluation too, they look at to see what is the degree of performance risk associated with each offerer and with the past performance information we get.

Price evaluation team, they basically look at the prices that are proposed in Section B, inclusive of all CLINS [phonetic], sub CLINS [phonetic], and option CLINS [phonetic].

Now, competitive range determination, only those offers that meet the mandatory requirements will be considered for inclusion in the competitive range. So, you've got to get past that first hurdle, the mandatory requirements piece. The PCO that makes the competitive range determination of those proposals that are most likely to be considered for award, and considering the results of the technical management, past performance, and price evaluations. There

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has been... the last proposal process, we worked under the old FAR Part 15. There have been some significant changes. Under the new part, the PCO has the right to further reduce the number of offerers in the competitive range to ensure the efficiency of the source selection process.

Basis for award, very straightforward. We intend to make multiple awards to those companies that meet the special standards, mandatory requirements, that propose ship management approaches that are responsive to the solicitation. And, I will caution you again. The most important pieces you can read, not that you shouldn't read everything, it's C, L, and M. That should be your guideline for what we're looking for. And those that offer best value to the government for the ship groups proposed. And, we'll go through the best value process in detail. It's defined

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very clearly in Section M. I can't

encourage you enough to truly study that part.

We also make a determination regarding the number of ships for which an offer will be considered. And I'll explain to you how we do that. That determination is based on the relative technical management and past performance scores, the ranking of each proposal, and the government's desire also to distribute, you know, a fair number of ships among a reasonably large number of companies. That's part of our best value consideration. We also, on the basis of this combined score, that's your technical management and past performance scores, we rank each offer in comparison to all others. And we do this, basically, graphically. You take the score, you add them and you graphically depict where each offerer falls. And then, depending on that score, there are several groups of

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offerers. For example, you could have two in the 11 to 12 range, several in the 7 to 9 range, whatever those sort out to be. Depending on the scores, then, we have those groupings of offerers and we start with the top group. The top group is targeted to receive the most ships and subsequent groups, you know, will receive fewer until you run out of ships. I mean, it essentially a down-select process as you go through this.

We are making a best value award. That means technical management, past performance, and price. We're looking for the best mix of vessels and vessel types that we think is appropriate given each offerer's expertise. We look, of course, at the needs of the government which includes a small business reserve, and the number of ships an offerer is targeted to received based on the group you fall in once you're ranked...

[sound cut]

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[END TAPE 1 SIDE A]

[START TAPE 1 SIDE B]

I. COOPER: ...the offerer when the prices of the higher ranked offerer are so high that they no longer constitute best value to us. Now, conversely to that, we reserve the right to award to the higher ranked offerer and pay a little bit more to acquire that technical expertise. We have always considered these tradeoffs. This is no different this time.

We use a price / technical value ratio to basically validate our selection process and to verify that the best value tradeoffs truly are consistent with what we're doing here. It's a very simple computation. We take the combined technical management and past performance scores and we, that is based on the, and it's then divided by the notional [phonetic] price per ship group. And the goal is really to ascertain, how much am I paying per technical point? Am I still

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getting best value? So, it's a pretty

straightforward process used by other

agencies. Works extremely well for us.

A few things we have seen in the past, and I would truly caution you, is what we call the incumbent trap in acquisition. The proposal basically says, I've done a wonderful job, I walk on water, hire me again. This doesn't work real well. We brief our evaluators very carefully to only consider what is proposed - and that works both for and against you, maybe, I don't know. They cannot evaluate what you are not proposing. I don't care what they know about your company, how wonderful you are. If you don't put it in your proposal it doesn't exist for the evaluation team.

Submissions to other MARAD offices: And we've heard that in the past. Just because you've submitted citizenship documentation to an office within MARAD doesn't mean you don't have

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to submit it again for this solicitation.

We have very specific requirements. Not submitting something that we're requiring for this solicitation make you non-responsive. So this is not a good shortcut to take.

The submission, and we'll show you that a little bit later on the web site when our tech team comes in, it is structured consistent with Section L. If Section L says I am looking for your crew composition, you will have the corresponding data field to give me that information. Each part of Section L has a corresponding data field and most of them have the upload capability if you have supporting documentation for that. The offerers will not pick through your input to figure out if you answered, if the question to answer 5 is in the data field for answer 20, we're not going to go look for that. That's not our job. Our job is to make sure that we evaluate, when we say

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in question 5 that we need to know what your crew composition is, that's where we will look for the answer. We're not going to sort through, you know, a million attachments to find that answer. It's really incumbent upon you to structure your submissions so you respond to the Section L question.

And, we're actually running ahead of schedule, which is wonderful. Do you want to take a short break or do you want to go ahead and keep going? Or do you have any questions for me right now you would like to ask that I can answer on the spot, I'll be glad to do that.

If you could step up to the mike please.

MALE VOICE: Yes, Jim McGregor. I don't know if this is on, but could you tell us what the [inaudible] and size standard is for the small business compliance?

I. COOPER: It depends on the

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NAICS code for this acquisition. And if

you ask me what that is, off the top of my

head, I don't know what the NAICS code is.

That stipulates the size standard. But,

we can address that.

MALE VOICE: [inaudible]

I. COOPER: Well, yeah, we'll
post the answer. Anything else? Yes.

MALE VOICE: You indicated a
hundred percent electronic submission...

I. COOPER: Correct.

MALE VOICE: ...but, in this first
offer, a portion, it says there for the
citizenship you have to also submit it,
have it notarized and submitted by mail.
It's in there.

I. COOPER: Okay. I'll verify
that. With no due date. I knew you would
have caught that Patricia. I should have
just left it to you.

[laughter]

We will check. No problem.

Anything else on this piece of the

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presentation? If not, I'll hand it over

to Miss Barile and you can... Yeah, why don't we take about a ten minute break, give Jean an opportunity to get ready, and we can proceed from there. So, reconvene at five of.

[background noise]

I. COOPER: Okay. Slight change of plans. We'll go ahead and give you the VOA demo as soon as we get our tech team into our web site.

[laughter]

Just a few things. One recommendation I would have for you on this electronic submission. And it's truly something we've learned out of Port Security grants and other RFPs. This is not a word processing tool. You know, it's database. I would really suggest to you, print out the fields, look at the information you need, gather that, and don't sit there and type a word a minute because eventually it will time out on

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you. So you may want to have your

information ready. You know, this is not, you're not using Microsoft Word. You're putting stuff into a database. So, make sure you have your info together before you need it, before you sit there and develop it. You shouldn't really develop your proposal online and... You know, you can always save interim. I always recommend that anyway. But that's just something that we have learned.

The other thing is, I strongly encourage you... I got a lot of questions during the break, do me a favor, use those Q and A forms. We'll go through them during the lunch break and see which questions we can address immediately. Those that I can't we will take back. We will put out an amendment. We will make sure everybody gets answers to those questions, okay?

[off-mic comments]

Does everybody have those? Okay.

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Yeah. Okay. [laughs]

MALE VOICE: [inaudible]

I. COOPER: The other question I have, if you could just, by show of hands, show me is there an interest in any training session for VOA? Anybody would like training?

Okay. We will see how we can schedule that and post that information on the web site and make that available. And we apparently don't have an internet connection, so, we're working on that.

Now can we get to your VOA...? Can we get to your screen captures for the VOA input? Okay, while they resolve some of the technical problem, what I can show you at least is what the input screens look like for the ship manager, what you will be seeing as you put in your proposal.

You've been to the web site. You know how it's set up. You know, it's kind of standard format. The actual technical management proposal screens, we can show

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you some samples of what that will look

like. You will pick the ship groups

you're going to bid on and, based on that,

those are the Section B's you will have

available to you to input prices. You can

also set, if you want to pick a limit of

the number of vessels you are interested

in, you can do that. And, like I said,

you have specific data fields. The limit,

the character limitation is under each

data field. And I think that's normally,

it's about a page per data field, is the

intent. You can, in addition to that,

upload documents. As you notice on the

bottom, the gray buttons are important to

you. You can save. You can cancel, which

will take the information back out that

you put in, you can print the information

out. And you can submit the information.

My recommendation would be, based on my

own experience, I would save the

information on each input screen and then

do a final submit. The intent is, we're

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working on, you should get a color coded answer which will tell you, if you get a red light, it says you basically, there are empty data fields. You haven't filled out everything. And it won't let you submit until you complete all. And this is really to your own benefit in case you skipped something. I mean, it's kind of a warning to you. If you get a green light, it says okay, all the data fields are filled in. Whether the information is good or not is a different issue, but at least you have something in the mandatory fields that will allow you to submit.

Technical management factors, like I said, it's tied specifically to Section L. For example, management methodology in Section L, you have the data field, you put in the information. If you have supporting documentation, upload it. And then we'll evaluate it accordingly. So, pretty straightforward.

MALE VOICE: [inaudible]

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I. COOPER: Yeah. Character

limitation.

MALE VOICE: [inaudible]

I. COOPER: Yeah. No, you can
return.

FEMALE VOICE: [inaudible]

I. COOPER: Yeah, but it's
correct.

MALE VOICE: [inaudible] As we
stated before, you're entering one
particular answer. We're looking here at
management methodology and the attachment.
You need to understand, on the government
side of this process, there may be someone
who is just looking into management
methodology. So, if you had put the
answer to question number one in the field
for question number two, as we cut this
electronically in pieces and send it to
those people who'll be evaluating it, that
individual who would be evaluating the
answer to question one would not have your
answer. They would not have the ability

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to go shopping for your answer. So, I

just need to re-emphasize again, you need to put the answer to question one in the box provided for that answer.

I. COOPER: And that's a very common problem we run into. So, don't hide your answers. You know, be specific. Address the question. And move on to the next one.

The character limitation, to go back to that, does not include the attachment. But, still, we're looking for the answer in the data field. The attachment is strictly supporting documentation you may want to give us.

Now, if we could go on. Price proposal: You pick your Section B prices. There are data fields that allows us to then, you know, use the notional [phonetic] schedule just like it's outlined in the RFP. That's pretty straightforward. It's a fill in the blank.

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Past performance information

looks the same way. As you identify specific sources for us to go back to and obtain past performance information, they will get access and give us that information electronically also. So, it's a very straightforward process. I mean, if you shop on the Internet, you can handle this. If you do eBay, this is the same thing, it's just not an auction. But you shouldn't have any problem with the submission. I think the training is a good idea. We have some interest so we'll see what we can do about scheduling that as soon as possible.

Any luck in getting into our Internet?

[inaudible]

Exactly.

[laughter]

Good comment.

I. COOPER: Well, let me add something. On VOA, if you haven't already

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found what they call the library, you

should. It has all of the current ship vessel management action, the P4P's, the current preventive maintenance procedures are in the library, by the ship group.

The COI's are scanned in by the ship group so you can see what the expiration dates are and what minimum manning is required.

So, although it's not part of the RFP body, the technical library has a lot of useful information. It has a lot of supporting information such as, there's a copy of one ship laborer's contract if you want to see the typical things we get in a laborer's contract. So I just caution you that the library is a good place to go.

Along with that, that just brings me back to one other question we had recently that has to do with the service contract act [phonetic] provisions. We are required to publish the rates that are currently being paid because last year's rates form the base for the new contract. The CBA's

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[phonetic] for the current contract have been scanned and are now available electronically online so you have that information available. There is, and that really forms, the last rates, the last year rates of the current contract is your base for the follow on contract. So I strongly suggest you look at these. As soon as we get a wage determination from the Department of Labor, which can take forever, once we have new input, we will publish that as well. But the CBA's, it's really critical to use. So you have that information.

Okay. We have four technical people playing with that. We should be able to get into things.

[pause]

[off-mic comments]

I. COOPER: Okay. While this... I always call it the hamster turning. While this is going on I would like to introduce our technical team. They're doing all the

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programming for VOA. Atiba Bakode

[phonetic] and Pamela Fleming, if you could stand up please. They are your primary technical interface. If you run into a technical problem there is an email address and a phone number on the web site. They are the people you call. They will walk you through it and they will make sure we know what's going on so we can interface with them.

Okay. We're in.

[applause]

Bless you. Just to walk you through the general touch and feel of the web site. You have to log in to VOA. You have connection then to all the business opportunities that MARAD currently offers through VOA which includes ship disposal. The one you're currently interested in, of course, is the ship manager one. From there, you can access any program announcements. I suggest you check those frequently. Anything that changes in this

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process we'll post right here. You can access my proposal, which is your entry point to your proposal submission. If you could show that now.

[pause]

You have access to the RFP, the schedule. If there are any schedule changes, we post those. But this is where you would log in to start working on your proposal. So whoever for your company submits a proposal, that's their way in.

[pause]

You can modify and view your proposal. Anything you have previously saved. So that allows you to get back in and out, continually. Keep in mind, the final submit button is critical to you. This is what I was talking about earlier, just to give you that. For example, if you go through and you start, you know, compiling your information, as you submit you will get the red or a green light to show you status on your different proposal

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pieces. So, as they are completed and the data fields are filled in, you should see a green light. You can't submit if you have a red light on the screen. You have to go back and verify that your fields are filled in.

Mandatory requirements, can you get in to that? Okay. It's just really slow. Yeah. It's the same thing at home sometimes when you sit in front of the computer. You go, okay, any day now.

[off-mic comments]

Actually, this is much faster from my house than it is from here. I just would like to show you the one so you get a feel for what the mandatory requirements section looks like. Is that on the live site now? Is that posted? Okay, so that's available to you so you can go in and start working on that process as well as the past performance.

[pause]

Okay. Mandatory requirements:

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This section is now live so you can go in.

You can provide your attachments. You have links back to the Section K certification. Same thing for minimum working capital requirements. Vessel owner / operator information. So that is already available to you because that is due pretty quickly. So I would suggest you start working on that process. But it's very straightforward and self explanatory. Like I said, help is available. Fell free to contact either the technical team or us if you run into problems.

MALE VOICE: [inaudible]

MALE VOICE: Yeah. They don't check to make sure that you uploaded a document [inaudible]. If you haven't, it will indicate with a red indication [inaudible].

MALE VOICE: [inaudible]

[laughter]

I. COOPER: Are you sure you

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really, really want to do this?

[laughter]

MALE VOICE: Is that your final answer?

[laughter]

I. COOPER: You should see the green light saying you have everything there that we're requiring. That is a red light / green light indicator that seems to work very well in our other programs. So, no, it doesn't say, are you really sure you want to submit this to us?

[laughs] I'm sorry. Yes sir.

MALE VOICE: The green light says you've already submitted [inaudible]

I. COOPER: The green light says you successfully submitted. That's a green light indicator. It means your fields are filled out. If there is a required attachment, it's there.

MALE VOICE: If you find that you made an error, can you resubmit?

I. COOPER: No. Once you submit,

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it's ours. It's like handing me the paper document and saying, it's now yours.

MALE VOICE: Is there any confirmation that it has definitely been received [inaudible] ?

I. COOPER: You just don't trust us, you know? The green light isn't enough. [laughs] Currently no. You get the green light indicator it has been successfully submitted. That's what the green light tells you.

MALE VOICE: But I also will say that if you call Pam or Atiba, and not waiting for the very last day, and when you get the opportunity to be confirmed, that a document [inaudible]. They are the database people. They will not confirm that the information is accurate or correct but [inaudible]

I. COOPER: Yeah. If you really hit the panic button...

MALE VOICE: Yeah. That's really, you know, I mean, I ask you to be

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reasonable about that. If you waited

until 15 minutes before the proposal's due and you call them, I doubt you'll get an answer in time.

MALE VOICE: Now, if you fill out all the forms and you haven't submitted it, what color is that button going to be?

I. COOPER: Red, you have nothing. I mean, if you don't submit it, it's simply not there. If you've saved it on your system, that's wonderful. Until you hit the final submit, we don't have it. And let me give you a word of caution. We ran into this on Port Security grants. We had a push-back from one of the offerers who couldn't find the gray submit button because his screen was configured a little differently. He had the screen set up different. So, in a panic, we got phone calls saying, there is no submit button. Please check your computer first and make sure you look at the right thing. I mean, this requires a

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little bit of change for everybody. It's a new process, but it's not impossible to do.

MALE VOICE: In that particular case, if your computer is set up differently, if this one has the scroll bar going down the right hand side, you would have a scroll bar going across the top.

I. COOPER: Yeah. It took a concerted effort to find the submit button.

Any other questions?

MALE VOICE: And you can save before you submit?

I. COOPER: Yes you can. You can save. You can print out, I mean, to your heart's content. Okay. Then I would like to hand it over to Miss Barille who will talk about the technical aspects of this. Well, just go ahead and get started and then...

J. BARILLE: Well, for those who

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don't know, I'm Jean Barille and I would like to give a lot of credit, before we start, to just about everybody, both in the regions, and headquarters, who kept my sanity for the last six months.

I would like to start with reimbursables, which is attachment J-9. As Iris has said before, the format of how a PBSA is written, is to put all of the information on reimbursables and deliverables in their own section of the contract instead of putting into the PWS where most people are used to seeing it. It cut out about 14 pages in the PWS by doing that. There are over 139 reimbursables in J-9. I would recommend that you either download it as paper, Jim notwithstanding, or download it as a Word document and put it someplace separate so that you can use the find button. Because if you're looking for training, it's not alphabetically under T. It's under government approved training. So if you

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have the find button, it will go to the

first training, and then you'll see it.

If you really have trouble you can always

call. There are also reimbursables in

that section that do not have a direct

reference in the PWS because we just pay

for it.

In the deliverables, which is J-4, you will see that many of the deliverables are destined to go to the RMS or into the business plan which is part of the RMS. And we got many questions on RMS during the question and answer period from the draft. It is a system that is under development. Everything we know about it we put into J-16 and we provided to you. We tried to give you an idea of the level of effort that it's going to require by the CDRLS [phonetic] document. Basically, it's going to start with what is currently in MARTS [phonetic] and currently in PCSAU [phonetic], plus a few other items such as the business plan itself which are just

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data fields that you have to fill out. It is not going to be any less data than you currently are dealing with. It will, in fact, be equal to or greater. It will, however, be web based which will make life nicer for everybody and it will, we hope, populate certain fields so that you don't have to type the name of the ship a hundred and ten times. But, the deliverables are in J-4 and the time frame for when they are due are in J-4.

And now for some of the differences: You'll notice that there are six goals for this program. They were developed by a steering committee of the senior management of the RRF program. And everything comes under one of those six goals. So the first one is to develop and execute a high quality, comprehensive, ship-centric maintenance program. As in the past, we are in voluntary compliance with SOLIS [phonetic]. We like for the RRF ships to be the leader of the class,

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so to speak, if we possibly can afford it.

Now we know we always have the government exemption for a public vessel, but we do try to be leader of the class in this. And it's a good time to point out that there will be changing requirements during the next four years, the four base years, and even after that into the incentive years. When there are changes in requirements, we try to accommodate them as best we can and we try to... If you come back to us and say, this is costing me money, we will at least consider it. So don't worry that six years from now, IMO is going to have this tremendous cost and you're going to have to eat it. We have been reasonable in the past and I'm assuming our management will continue to be reasonable. There we go. They will be reasonable. [laughs]

Currently, several vessels are in the ABS alternative compliance program. We intend to have all ROS [phonetic]

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vessels enrolled in that program within a

year. Selective vessels currently have preventive maintenance and condition and monitoring programs. All ROS [phonetic] vessels will have those in the future. My suggestion is, as we go through this, if you have questions in a particular topic area, we address them now. So, does anybody have any questions on these three areas?

MALE VOICE: [inaudible]

J. BARILLE: Sure. Up to the mike please? It's only because they're recording this. [laughs]

MALE VOICE: Jim McGregor again. Just a quick question Jean. The ROS vessels that are presently not in ABS alternative compliance program, there'll be a transition period after receipt of award?

J. BARILLE: Transition period... Correct, and they are, those that are not are already noted in TE-4 [phonetic], if

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you go over to about the fifth or sixth

column, it either says yes, meaning it's in the program, or no, meaning it's not in the program.

MALE VOICE: All right. Thank you.

J. BARILLE: One of our large areas in this is to ensure that you keep the ships in readiness which is C-1 or C-2 or in the business plan, a schedule C-5 yard availability period. We also changed phases this time. You're used to us saying, the ship's in phase 4 or phase 5 activation or phase 0, or phase 5 deactivation. We're basically rolling it all up and our phases are either M for maintenance or O, for operations.

Okay. We're going to, first of all, develop preventive maintenance plans. Now, let me explain something. If my logic is correct, and we'll start with ROS program first, you can use the current VMA [phonetic] that is in that library, next

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to the ship. If you use the VMA, when you get to the question in section L that asks you to identify your methodology for preventive maintenance, then say, I am using the ship's VMA. And then continue with your answer because there's more to the answer than just that. Alternatively, you can say, I'm going to use the ship's VMA with the following changes, dot, dot, dot, dot. So that the evaluation team can clearly see, these are the changes you're making. This is your methodology for why you're doing it. And your third option is: Hello government, this is the preventive maintenance program that I'm giving you. It's brand new to you. And then your explanations.

One of the reasons that we are leaving the cost for the materials to execute the preventive maintenance program to you, as a fixed price cost this time, is because you're developing the preventive maintenance plan. And you need

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to give the evaluators enough information

in your proposal that your final

deliverable reflects that which you

offered in the proposal. In other words,

don't tell me you're doing the world in

the proposal and then give me a

deliverable that has a little edge of it.

What you give us in the proposal...

[sound cut]

[END TAPE 1 SIDE B]